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The situation in Central America: procedures for the establishment of a firm and lasting peace and progress in fashioning a region of peace, freedom, democracy and development

Letter dated 4 May 2000 from the Permanent Representatives of El Salvador, Guatemala and Nicaragua to the United Nations addressed to the Secretary-General

We, the undersigned Permanent Representatives of El Salvador, Guatemala and Nicaragua, have the honour to transmit to you herewith three documents, the main purpose of which is to facilitate integration and cooperation in Central America. The first is a Joint Declaration entitled "Integration for the twenty-first century" (see annex I); the second is a Joint Declaration on the establishment of an inter-ocean multimodal transport corridor (see annex II); and the third is a Plan of Action for implementing the two Declarations (see annex III). All three documents were signed on 2 May, in sequence, in the cities of San Salvador, Guatemala City and Managua. Since they relate to agenda item 47 of the fifty-fourth session of the General Assembly, we should be grateful if you would have this letter and its annexes distributed as documents of the General Assembly.

You will note that the other States members of the Central American Integration System are invited to join in this common effort to promote regional integration.

(*Signed*) José Roberto **Andino-Salazar**
Ambassador
Permanent Representative of El Salvador to the United Nations

(*Signed*) Gert **Rosenthal**
Ambassador
Permanent Representative of Guatemala to the United Nations

(*Signed*) Alfonso **Ortega Urbina**
Ambassador
Permanent Representative of Nicaragua to the United Nations

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Annexes to the letter dated 4 May 2000 from the Permanent Representatives of El Salvador, Guatemala and Nicaragua to the United Nations addressed to the Secretary-General

Annex I

Joint Declaration by El Salvador, Guatemala and Nicaragua: integration for the twenty-first century

The Presidents of the Republics of El Salvador, Guatemala and Nicaragua have decided to sign the present Declaration on 2 May 2000 in the cities of San Salvador, Guatemala City and Managua.

1. Convinced of the need to develop new initiatives and to give renewed impetus to the process of regional integration in order to successfully meet the challenges of globalization,

2. Aware of the need to carry out coordinated practical actions, adjusted to each country's different rates of development, which will permit effective progress in fulfilling the objectives and principles of Central American integration,

3. Consistent with the fundamental principles of Central American integration set forth in the Tegucigalpa Protocol, the Alliance for Sustainable Development, the Framework Treaty on Democratic Security and other regional integration instruments,

4. Guided by the fundamental objective of the Central American Integration System of consolidating Central America as a region of peace, freedom, democracy and development,

5. Considering that the final decade of the last century saw the establishment of the bases for a new model of Central American integration, founded on common principles and objectives reflecting the will of the peoples and Governments of our countries,

6. Aware of the importance of respecting the principles of gradualism, specificity and progressiveness of the economic integration process, which means that all or some States may advance at their own pace within that process, taking into account the precedent of the customs union between Guatemala and El Salvador,

7. Considering the positive results in the region of the implementation of the Framework Treaty on Democratic Security in Central America, principally because of the practical importance of the concept of security translated into a single, integrated and indivisible model, and also considering the need to continue to strengthen cooperation in this sphere,

8. Aware that the challenges faced require a common effort to achieve full implementation of the objectives of the Alliance for Sustainable Development,

9. Motivated by the urgent need to guarantee the continuity of the economic and social development process and to raise the standard of living of the peoples of Central America,

We hereby agree to:

1. Adopt practical measures in order to move ahead with the establishment of a regional system of economic and social well-being and justice; achieve economic union; strengthen the Central American financial system; strengthen the region as an economic bloc with a view to its successful integration in the international economy; and promote sustainable development in a harmonious and equitable manner.

2. Give priority to the implementation of measures to reduce the intraregional disequilibria which are affecting sustainable development; raise economic growth rates in order to reduce poverty levels; guarantee the social and political sustainability of the processes of economic opening and democratization in the countries of the region; harmonize macroeconomic and sectoral policies; develop policies to rationalize and encourage agricultural activities; achieve food security and increase and diversify exports, consolidating the establishment of production, commercial and service chains; and promote the reconstruction, rehabilitation and modernization of the regional infrastructure, particularly in the transport, telecommunications and energy areas, in order to increase the efficiency and competitiveness of production sectors at the national, regional and international levels.

3. Make a commitment to develop new, complementary, gradual initiatives, within the framework of integration, which will become substantive elements permitting real progress in the following areas: international relations, macroeconomic policy, sectoral economic policy, infrastructure, migration policy and security policy.

4. Adopt the following programme of work:

A. International relations

(a) Joint negotiation with third parties.

(b) Joint diplomatic and consular missions.

B. Macroeconomic policy

(a) Commitment to price stability.

(b) Commitment to exchange rate stability.

(c) Integration of financial systems.

(d) Protection of bank savings.

(e) Monetary compatibility.

C. Sectoral economic policy

(a) Harmonize tariff policies.

(b) Harmonize policies regulating services and investments.

(c) Harmonize provisions on health records.

(d) Harmonize taxation policy.

(e) Harmonize agricultural policy.

(f) Standardize customs policy.

(g) Promote intra- and extra-regional tourism.

D. Infrastructure

(a) Modernize roads, seaports and airports.

(b) Adopt common strategies in the area of energy policy.

(c) Promotion of communications policies.

E. Migration

(a) Update the commitments made at the fourth Meeting of Presidents of Central America.

F. Security policy

(a) Implement coordinated action against organized crime.

(b) Adhere to the provisions of the Framework Treaty on Democratic Security in Central America and to the mechanisms provided by international law for guaranteeing the independence, sovereignty, security and territorial integrity of the signatory States.

5. In order to guarantee implementation of the programme of work, set up the following working committees as an implementation and follow-up mechanism:

(a) Political Committee (international relations, security, migration, customs and environment);

(b) Economic Committee (trade and finance);

(c) Infrastructure Committee.

Each committee will have the power to set up the necessary working groups to carry out the assigned tasks.

6. Set a maximum time limit of 90 days for the working committees to present the studies and projects carried out on the basis of the corresponding Plan of Action, which forms an integral part of this Declaration.

7. Invite the Governments of the other States members of the Central American Integration System to join in this common effort to promote Central American integration.

(*Signed*) Francisco Guillermo **Flores Perez**
President of the Republic of El Salvador

(*Signed*) Alfonso **Portillo Cabrera**
President of the Republic of Guatemala

(*Signed*) Arnoldo **Aleman Lacayo**
President of the Republic of Nicaragua

Annex II

Joint declaration by El Salvador, Guatemala and Nicaragua Establishment of an inter-ocean multimodal transport corridor

The Presidents of the Republics of El Salvador, Guatemala and Nicaragua have decided to sign the present Declaration on 2 May 2000 in the cities of San Salvador, Guatemala City and Managua:

Whereas

The three States are interested in establishing means to facilitate the transit of persons and goods with a view to achieving a greater degree of integration which will help to raise the standard of living of their peoples,

The establishment of a direct communication link among the signatory States is beneficial to the regional integration process,

An inter-ocean multimodal transport corridor will facilitate communication among the three States,

In the past, a ferry system operated between El Salvador and Nicaragua, on a route which crossed the national waters of the two States in the Gulf of Fonseca, thereby facilitating direct communication between them. This service will be restored, with the assistance of the signatory States, to form part of the proposed three-nation inter-ocean multimodal corridor, the benefits of which will extend to all the Central American peoples,

We hereby agree as follows:

1. To establish, as a priority for the development and security of the three States, a communication link in the form of an inter-ocean multimodal transport corridor extending from the port of Santo Tomás de Castilla and Puerto Barrios in the Bay of Amatique in the Republic of Guatemala to the ports of Cutuco in El Salvador and Potosí in Nicaragua on the Gulf of Fonseca, ending at the port of Corinto in Nicaragua.

2. To restore the ferry system in the Gulf of Fonseca.

3. To improve the infrastructure necessary for access to the areas concerned, including the port facilities required for this purpose.

4. To submit for internal ratification the international agreements on multimodal transport and facilitation of maritime transport.

5. That the maritime transport service may be expanded to include other Central American ports on the Pacific Ocean, as well as tourist routes and other recreational activities.

6. That international regulation shall be consistent with paragraph 4 of this Declaration.

7. To simultaneously adopt measures to prevent pollution and preserve the marine environment in the Gulf of Fonseca.

8. To jointly seek international assistance for the development of regional maritime transport and of the areas included in the inter-ocean corridor, to supplement our own contributions.

(*Signed*) Francisco Guillermo **Flores Perez**
President of the Republic of El Salvador

(*Signed*) Alfonso **Portillo Cabrera**
President of the Republic of Guatemala

(*Signed*) Arnoldo **Aleman Lacayo**
President of the Republic of Nicaragua

Annex III

Plan of Action: Joint Declaration by El Salvador, Guatemala and Nicaragua: integration for the twenty-first century

2 May 2000

1. International relations

Given the advisability of expanding the Central American presence in the international community, strengthen the mechanisms for joint negotiation with third parties and promote the establishment of joint diplomatic, consular and commercial missions, beginning with the mission in Berlin, Federal Republic of Germany, and continuing with other missions to be identified in the future as appropriate for meeting the proposed objectives.

Entrust the Political Committee set up by the Joint Declaration by El Salvador, Guatemala and Nicaragua: Integration for the twenty-first century with formulating proposals for strengthening international relations.

2. Macroeconomic policy

Promote cooperation in the macroeconomic sphere by harmonizing domestic financial and commercial legislation. To that end, the Ministers of the Economy and Finance and the Central Banks or their equivalent will pool efforts to:

1. Identify specific areas of macroeconomic cooperation, in order to remove the stability of prices and securities and monetary compatibility, as well as the growth and protection of savings and investment.

2. Bring about the integration of financial systems by reducing barriers in the areas of banking, insurance, pensions and the stock market.

3. Sectoral economic policy

A. Tariff policy and non-tariff barriers

Promote the establishment of a common external tariff through the following areas:

1. Immediate consolidation of the tariffs currently applied uniformly by Nicaragua, El Salvador and Guatemala (ratcheting).

2. Participation by Nicaragua, together with El Salvador and Guatemala, in harmonizing tariffs whose rates are different, including those for products tariffed by the World Trade Organization (31 December 2001). Special emphasis will be placed on the harmonization of tariffs for agricultural products, with the aim of revitalizing that sector.

3. Joint implementation of the Safeguard Clause referred to in article 27 of the General Central American Tariffs and Customs Agreement, in those areas where tariffs have been consolidated or harmonized.

4. Early identification and elimination of non-tariff barriers.

B. Services and investments policy

1. Instruct the Vice-Ministers for the Economy to submit, within 30 days, proposals for the signing of a services treaty, which should be based on the one signed recently by the Republics of El Salvador and Guatemala, the intention being to sign such a treaty by 30 June 2000 at the latest.

2. Adopt measures to promote and protect the reciprocal investments which are a priority in economic relations, to which end the signing of agreements establishing legal norms to regulate this area will be promoted.

3. Specify the priority investment areas which must be reciprocally promoted and protected, and coordinate efforts to attract investments.

4. Adopt a mechanism of administrative procedures for the settlement of disputes.

C. Policy on health records

1. Implement the necessary measures to ensure that each State recognizes the validity of health records issued by the competent authorities of the other States, according to effective and transparent procedures, so that they do not constitute barriers to trade.

2. Instruct the Vice-Ministers for the Economy to submit, by 30 June at the latest, a progress report on the work on health records for pharmaceutical products, and by 31 December a report on the health records for fertilizers and agrochemicals.

3. Standardize labelling rules in order to increase consumer protection and facilitate efforts to combat smuggling.

D. Taxation policy

1. Make the necessary efforts to ensure the compatibility of specific domestic taxes, with the aim of harmonizing States' tax systems so that they are neutral for carrying out commercial transactions in goods and services and for attracting investments.

2. Promote the coordination of tax administration institutions, with a view to exchanging know-how and sharing the experience acquired in each country with regard to procedures, administrative and information systems and technology, in order to make tax collection and administration more efficient.

3. Entrust taxation policy to the Economic Committee set up by the Joint Declaration by El Salvador, Guatemala and Nicaragua: Integration for the twenty-first century.

E. Agricultural policy

1. Develop joint policies to revitalize agricultural sectors.

2. Harmonize plant and animal health measures.

3. Harmonize the administration of tariff quotas in accordance with the commitments made by El Salvador, Guatemala and Nicaragua to the World Trade Organization, and also of scarcity quotas, in order to cover the production deficit in different areas.

4. Provide appropriate protection for agricultural production.

5. Adopt a joint mechanism for administering donations, in order to avoid the distortions which imports of donated goods can cause on domestic markets.

F. Customs policy

1. Formulate the legal bases for the establishment of a customs union.

2. Promote joint efforts to combat goods smuggling, through the coordination of administrative and legal procedures.

3. Provide for the opening of land-based customs offices so that they provide services 24 hours a day.

4. Coordinate the daytime and night-time service hours for maritime customs operations.

5. Set up adjoining customs offices and establish binational customs structures.

6. Implement pilot customs schemes using common services and applying uniform procedures, administrative systems and guidelines for the mobilization of intra- and extra-regional trade.

7. Nicaragua will support the request made by the Republics of El Salvador and Guatemala to the World Trade Organization that the Code of Customs Assessment not be applied for a period of two years.

G. Tourism

1. Give renewed impetus to the implementation of the Regional Programme of Action for the Development of Tourism, contained in the Declaration of Montelimar II.

2. Promote the three countries' tourist industry, making a commitment to pool efforts to that end.

4. Modernization of roads and seaports

1. Promote the Central American logistical corridor.

2. Instruct the relevant Ministers to obtain the necessary resources for putting the corridor in place.

3. Rehabilitate and modernize the seaports used for the transport of persons and goods.

5. Energy policy

Common strategies with respect to energy policy.

1. Promote the harmonization of norms, specific taxes and tariffs in this area with a view to facilitating free trade and promoting healthy competition in the sector.

2. Coordinate efforts with regard to regional energy policies.

3. Ensure the adoption of the standardized valve and the creation of funds for the replacement and maintenance of liquefied petroleum gas (propane or butane) tanks and valves.

6. Communications policies

1. Establish regional coordination mechanisms in the area of telecommunications.

2. Provide the mass media with all kinds of information on the activities of the Central American countries.

3. Promote media programmes on, *inter alia*, the environment, customs and tariffs, migration and tourism.

7. Migration policy

Update the commitments made at the fourth Meeting of Presidents of Central America.

8. Security policy

A. Implement the Central American Democratic Security Model established in the Framework Treaty on Democratic Security in Central America

1. Establish mechanisms for the implementation of the provisions of the Framework Treaty on Democratic Security in Central America.

2. Strengthen and ensure continuity in the work being done by the Central American Security Commission.

3. Formulate additional proposals for strengthening the security of the signatory States.

B. Promote and guarantee regional security in the various areas.

1. Exchange information and statistics.

- Maintain ongoing communication among the armed forces chiefs of staff and security agencies.
- Establish a system of communication, information and statistics for combating crime and organized crime.
- Strengthen exchanges of information designed to increase monitoring at border points.
- Facilitate exchanges of information among authorities responsible for investigation and criminal prosecution.

2. Standardization and coordination of procedures

   - Update and strengthen regional security instruments and agencies dealing with crime control (CCP — Treaty on the Recovery and Return of Stolen, Appropriated or Illicitly Retained Vehicles and Treaty on Mutual Legal Assistance in Criminal Matters).

   - Harmonize laws criminalizing and establishing penalties for the various forms of organized crime.

   - promote joint management of international assistance in combating crime and organized crime.

   - Coordinate positions in international forums concerned with security issues.

3. Training and specialization

   - Exchange experiences and procedures through reciprocal visits among competent authorities.

   - Conduct seminars and workshops in specific security-related areas, such as military, security, customs, migration and legal issues.

C. *Promote special mechanisms to combat organized crime*

1. Establish a joint mechanism among the security and defence forces for prosecuting drug trafficking, terrorism, illicit trafficking in arms and persons, kidnapping, extortion and smuggling.

2. Implement plans to combat drug trafficking and related crimes.

3. Encourage technical cooperation and coordination organizations to combat the various forms of organized crime.

9. Implementation of the Plan of Action

With a view to the implementation of this Plan, the Presidents will establish mechanisms for ongoing communication among them and will instruct their Ministers for Foreign Affairs to establish and coordinate the committees and prepare their meetings.